

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 SSO-00 L-03 EB-08 COME-00
TRSE-00 CIAE-00 INR-07 NSAE-00 INRE-00 NSCE-00
SS-15 USIE-00 PA-01 PRS-01 OMB-01 AID-05 XMB-02
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-----056611 251843Z /44

O 241814Z AUG 77
FM AMEMBASSY LIMA
TO SECSTATE WASHDC IMMEDIATE 6319

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C O R R E C T E D C O P Y (MRN 7248 VICE 72548)

DEPT. PASS AGRICULTURE/OGSM

E.O. 11652: N/A
TAGS: BDIS, EINV, ENRG, PE
SUBJECT: GULF - GOP APPROVES DECREE LAW

REF: A) LIMA 7114, B) LIMA 7116

SUMMARY.

1. COUNCIL OF MINISTERS AUGUST 23 APPROVED LONG
AWAITED DECREE LAW WHICH IS MAJOR ELEMENT OF GULF
EXPROPRIATION SETTLEMENT. DECREE LAW NO. 21918,
TEXT OF WHICH (PRINTED IN EL PERUANO, AUG. 254-
POUCHED ARA/AND) IS UNCHANNGED FROM TEXT SENT
REF B, INTER ALIA (A) AUTHORIZES MINISTRY OF ENERGY
AND MINES (MEM) TO PAY GULF 124,585,889.00 SOLES
AS COMPENSATION FOR EXPROPRIATED ASSETS AND (B)
AUTHORIZES BANCO DE LA NACION TO CONVERT THIS SUM
TO \$1,540,379.44 FOR REMITTANCE TO U.S.

2. THIS TRANSACTION SCHEDULED TO TAKE PLACE
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THURSDAY, AUG. 25 WHEN RAY THOMPSON, REPRESENTING
EX-SHAREHOLDERS OF GULF DE PPERU, RECEIVES
SOLES CHECK FROM MMEME AND DEPOSITS SAME IN BANCO
DE LA NACION. BANCO DE LA NACION WILL IMMEDIATELY
CONVERT SOLES TO STAATED DOLLAR SUM AND WILL ISSUE
TO GULF 3 CERTIFICATES OF DEPOSIT VALLUED AT
\$540,379.44, \$500,000 AAND 500,000, WITH MATURITIES

OF 2, 4, AND 6 MONTHS RESPECTIVELY, AND BEARING

INTEREST AT CURRENT LABOR RATE. BRIEF DESCRIPTION
OF AUG. 22 AND 23 DISCUSSIONS FOLLOWS. END SUMMARY.

3. GULF REPS BRUCE MENKE AND RAY THTOMPSON AND LOCAL
LAWYER RAUL FERRERO CONSULTED MID-DAY AUG. 22 WITH
ACTING DCM AND ECON OFF REGARDIING LETTER REQUESTED
BY GOP IN WHICH GULF WOULD EXPRESS ITS SATISFACTION
WITH \$1,540,379.44 COMPENSATION FIGURE (REF A).
FOLLOWING THIS MEETING GULF TEAM MET AT FOREIGN
MINISTRY WITH UNDERSECRETARY FOR ECON AFFAIRS
AMB. JUAN DE LA PIEDDRA, SEVERAL OF HIS SOBORDINATES,
AND A FINANCE MINISTRY LAWYER (WITH EMBASSY ECON OFF

PRESENT) TO RESOLVE SEVERAL GULF CONCERNS. THESE
INCLUDED CONDITIONS (A) THAT PAYMENT WILL BE FREE
OF ALL TAXES AND OTHER CLAIMS, (B) THAT PAYMENT
WILL IN NO WAY AFFECT SEVERAL OUTSTANDING GULF
LOANS TO PETROPERU AND (C) THAT CONVERSION AND
TRANSFER FEE OF BANCO DE LA NACTION WILL BE MINOR
(I.E. LESS THAN \$2000). GOP OFFICIALS RESPONDED TO
GULF'S SATISFACTION AND AGREED THAT REQUESTED LETTER
COULD CONTAIN GULF'S CAVEATS ON THESE POINTS.

4. IN A SUBSEQUENT AUG. 22 MEETING GULF TEAM, FINANCE
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VICE MINISTER DICK ALCANTARA AND BANCO DE LA NACTION
FOREIGN OPERATIONS MANGER LUIS CASTRO WORKED OUT
PAYMENT MECHANISM DESCRIBED PARA 2 ABOVE. ALCANTARA
MENTIONED POSSIBILITY OF GULF OBTAINING FOR PERU LOAN
FROM U.S. BANK FOR PURPOSE OF COMPENSATION PAYMENT.
BUT DID NOT PURSUE MATTER WHEN GULF APPEARED UNENTHU-
SIASTIC.

5. GULF LETTER ADDRESSED TO FINANCE MINISTER WITH
COPY FOR FOREIGN MINISTRY WAS TRANSMITTED VIA EMBASSY
AIDE MEMOIRE DELIVERED TO DE LA PIEDRA NOON AUG. 23
(COPY OF LETTER AND AIDE MEMOIRE POUCHED ARA/AND).

6. COMMENT:

A. GOP OFFICIALS IN LAST TWO DAYS HAVE BEEN EXTREMELY
EAGER TO EXPEDITE ALL STEPS TO OBTAIN APPROVAL OF
DECREE LAW. AUG. 24 EL PERUANO ALSO CARRIES SUPREME
RESOLUTION TRANSFERRING 124,585,889 SOLES FROM FIANCE
TO ENERGY MINISTRY, SO POSSIBILITY EXISTS THAT PAYMENT
BY MEM AND ISSUANCE OF CERTIFICATE OF DEPOSIT MAY BE
MADE TODAY (AUG 24). EMBASSY WILL CONTINUE ITS
ROLE TO HELP MAINTAIN MOMENTUM.

B. DEPARTMENT WILL NO THAT EFFECTIVE EXCHANGE
RATE USED IN DECREE LAW IS 80.88 SOLES/DOLLAR
I.E. CURRENT RATE, AND NOT 45:1 AS PREVIOUSLY
DISCUSSED. FINANCE MINISTRY LAWYER EXPLAINED THAT
USE OF 45:1 RATE AT TIME WHEN OFFICIAL RATE IS
DIFFERENT WOULD CONFLICT WITH PERU'S COMMITMENTS
AS PART TO IMF.
SHLAUDEMANN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, GULFS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770307-0921
Format: TEL
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770826/aaaaavlp.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Previous Handling Restrictions: n/a
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